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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/353,723	07/14/1999	JOHN EDWARD SILVERMAN	2260-010	3997

7590 04/24/2002

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EXAMINER

KANOF, PEDRO R

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 04/24/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

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Office Action Summary

Application No.
09/353,723

Applicant(s)
SILVERMAN

Examiner
KANOF

Art Unit
2164

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE three MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on Jul 14, 1999.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above, claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claims _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are objected to by the Examiner.
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

- 13) ☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).
- a) ☐ All b) ☐ Some* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- *See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

Attachment(s)

- 15) ☒ Notice of References Cited (PTO-892) 18) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 16) ☒ Notice of Draftsperson's Patent Drawing Review (PTO-948) 19) ☐ Notice of Informal Patent Application (PTO-152)
- 17) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s). 1 20) ☐ Other:

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DETAILED ACTION

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 1-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al. (U.S. Patent no. 6,208,978) (hereafter Walker).

Claim 1: Walker discloses a method for managing ownership of a valuable item involved in a first financial transaction between a merchant and a customer, the process comprising:

leasing the item to a customer (Col. 1, line 35-col. 2, line 12) in the first financial transaction so that the customer is thereafter obligated to make periodic lease payments to the merchant (Col. 2, lines 13-26);

establishing a reserve credit account (RCA) or security deposit for the customer with the merchant (Col. 1, lines 1-20). The Examiner interprets the function of establishing a reserve credit account (RCA) as equivalent to the Walker's security deposit (Col. 2, lines 27-45 and col. 7, lines 38-40);

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recording the accumulation of funds in the RCA or security deposit in response to payments voluntarily given to the merchant by the customer (Col. 6, lines 46-67); and

engaging in a second financial transaction between the customer and the merchant, the second transaction involving one of the item and another item at the option of the customer, the second transaction causing funds recorded in the RCA or security deposit to be reduced (Col. 2, line 46-col. 3, line 8).

Claim 2: Walker discloses a method as claimed in claim 1 wherein the process additionally comprises setting a purchase price for the item as a part of the first transaction, and the leasing operation comprises:

establishing a lease term (time period specified by the lease agreement, col. 4, lines 26-28 and col. 7, lines 29-45); and

bestowing upon the customer an option to purchase the item from the merchant for the purchase price during the lease term ("transfer of property, col. 6, lines 40-50 and col. 7, lines 28-32).

Claim 3: Walker discloses a method as claimed in claim 2 wherein the term-establishing operation establishes a minimum lease term; and the bestowing operation bestows upon the customer an option to terminate the lease prior to the minimum lease term upon payment of an early termination fee. Official notice is taken that it is old and well known within the lease agreement arts that the term-establishing operation establishes a minimum lease term and the bestowing operation bestows upon the customer an option to terminate the lease prior to the

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minimum lease term upon payment of an early termination fee. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to define a minimum lease term and include an option to terminate the lease prior to the minimum lease term upon payment of an early termination fee. One would have been motivated to include these conditions in the agreement in order to facilitate the flexibility of the business.

Claim 4: Walker discloses a method as claimed in claim 1 additionally comprising recording a further accumulation of funds in the RCA or security deposit beyond the payments voluntarily given to the merchant by the customer (Col. 3, line 65-col. 4, line 62).

Claim 5: Walker discloses a method as claimed in claim 1 wherein the merchant has not any limitation in the items that are object of the business, and consequently includes items that are non-depreciating (Col. 6, lines 46-56).

Claim 6: Walker discloses a method as claimed in claim 5 wherein the merchant has not any limitation in the items that are object of the business, and consequently includes also jewelry (Col. 6, lines 46-56).

Claim 7: Walker discloses a method as claimed in claim 6 wherein the merchant has not any limitation in the items that are object of the business, and consequently the jewelry can include a gemstone. However, walker does not explicitly disclose that as a part of the first transaction, the merchant performs a gemstone identification process for the gemstone. Official notice is taken that it is old and well known within the trade arts that the merchant performs identification or appraisal of the items object of the business, such the apartment building in the

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Walker example.(Col. 6, line 50). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made that the merchant performs a identification process or appraisal of the items object of the business. One would have been motivated to include this step in order to facilitate the buyer decision.

Claim 8: Walker discloses a method as claimed in claim 1 wherein the process additionally comprises setting a purchase price for the item as a part of said first transaction, the purchase price being sufficiently high so that a theft of the item would be a felony (Col. 1, lines 20-44).

Claim 9: Walker discloses a method as claimed in claim 1 additionally comprising, as a part of the first transaction, purchasing insurance to cover loss of the item (Col. 12, lines 23-37).

Claim 10: Walker discloses a method as claimed in claim 1 additionally comprising, as a part of the first transaction, purchasing insurance to cover loss of the item, the insurance naming the merchant as a loss payee (Col. 12, lines 38-45).

Claim 11: Walker discloses a method as claimed in claim 1 wherein the leasing operation comprises establishing a lease term (time period specified by the lease agreement, col. 4, lines 26-28 and col. 7, lines 29-45). However, walker does not explicitly disclose removing the obligation to make subsequent periodic lease payments upon a return of the item to the merchant during the lease term. Official notice is taken that it is old and well known within the lease agreement arts disclose removing the obligation to make subsequent periodic lease payments upon

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a return of the item to the merchant during the lease term. Therefore, it would have been obvious to one having ordinary skill in the lease art at the time the invention was made to include such as a step. One would have been motivated to include that step in order to facilitate the flexibility of the business.

Claim 12: Walker discloses a method as claimed in claim 11 wherein the second transaction is transacted within a predetermined period of time following the return of the item (Col. 13, lines 39-46).

Claim 13: Walker discloses a method as claimed in claim 1 additionally comprising occasionally sending statements from the merchant to the customer, the statements indicating quantities of funds recorded in the RCA or security deposit for the customer (Col. 14, lines 14-23).

Claim 14: Walker discloses a method as claimed in claim 13 wherein the statements additionally indicate funds needed to purchase the item by the customer from the merchant (Col. 14, lines 24-36).

Claim 15: Walker discloses a method as claimed in claim 1 additionally comprising posting lease payments to accounts for rent and sales tax as the lease payments are received (Col. 15, line 55-col. 16, line 6).

Claim 16: Walker discloses a method for managing ownership of a valuable item involved in a first financial transaction between a merchant and a customer, the process comprising the steps of:

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forming a lease agreement for leasing the item (Col. 1, line 35-col. 2, line 12) to a customer in the first financial transaction, the lease agreement being configured so that the customer is obligated to make periodic lease payments to the merchant (Col. 2, lines 13-26);

establishing a reserve credit account (RCA) or security deposit for the customer with the merchant (Col. 1, lines 1-20);

registering the accumulation of funds in the RCA or security deposit in response to voluntary payments received by the merchant from the customer (Col. 2, lines 27-45); and

recording a second financial transaction between the customer and the merchant, the second transaction involving one of the item and another item at the option of the customer, the second transaction causing funds recorded in the RCA or security deposit to be reduced (Col. 6, lines 46-67).

Claim 17: Walker discloses a process as claimed in claim 16 wherein the registering step registers an accumulation of funds in the RCA or security deposit beyond the payments voluntarily received by the merchant from the customer (Col. 7, lines 38-40).

Claim 18: Walker discloses a process as claimed in claim 16 wherein the forming step is configured so that the lease agreement establishes a lease term, sets a purchase price for the item, removes the obligation to make periodic lease payments upon a return of the item to the merchant during the lease term, and bestows upon the customer an option to purchase the item from the merchant for the purchase price during the lease term (see above discussion in claim 2).

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Claim 19: Walker discloses a process as claimed in claim 16 additionally comprising the step of occasionally sending statements to the customer, the statements indicating quantities of funds in the RCA or security deposit for the customer (Col. 1, lines 20-44).

Claim 20: Walker discloses a new and useful process for managing ownership of a valuable item involved in a first financial transaction between a merchant and a customer, the process comprising:

leasing the item to a customer (Col. 1, line 35-col. 2, line 12) in the first financial transaction so that a lease term is established, a purchase price for the item is set, the customer is obligated to make periodic lease payments to said merchant, the customer has an option to purchase the item from the merchant for the purchase price during the lease term, and the obligation to make subsequent periodic lease payments is removed upon a return of the item to the merchant during the lease term;

establishing a reserve credit account (RCA) or security deposit for the customer with the merchant (Col. 1, lines 1-20);

recording the accumulation of funds in the RCA or security deposit in response to payments voluntarily given to the merchant by the customer, the funds accumulating to quantities greater than the total of the payments voluntarily given to the merchant by the customer (Col. 2, lines 27-45 and col. 7, lines 38-40);

posting the lease payments to accounts for rent and sales tax as the lease payments are received (Col. 15, line 55-col. 16, line 6); and

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engaging in a second financial transaction between the customer and the merchant, the second transaction involving one of the item and another item at the option of the customer, the second transaction causing funds recorded in the RCA or security deposit to be reduced (Col. 2, line 46-col. 3, line 8).

However, walker does not explicitly disclose sending statements from the merchant to the customer from time to time, the statements indicating quantities of funds recorded in the RCA or security deposit for the customer. Official notice is taken that it is old and well known within the retail arts sending statements from the merchant to the customer from time to time, the statements indicating quantities of funds recorded in the RCA or security deposit for the customer. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such as a step. One would have been motivated to include this step in order to facilitate the customer decisions.

Conclusion

3. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

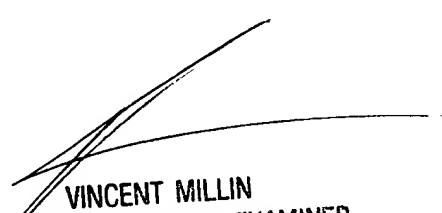
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4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. Pedro R. Kanof whose telephone number is (703) 308-9552. The examiner can normally be reached on weekdays from 7:30 a.m. to 4:00 p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Mr. Vincent Millin, can be reached on (703) 308-1065. The fax phone number for this Group is (703) 308-1396.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 305-3900.

PRK-4/19/02.



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